

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-10 EA-10 NEA-11 /167 W
-----027036 312024Z /70

P 311954Z MAY 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0276
INFO AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA

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USMTN, USEEC
PASS STR ELECTRICALLY FOR ACTION
STR PASS CODEL

E.O.11652:N/A
TAGS: MTN, ETRD
SUBJECT: EE IN THE MTN

REF: (A) STATE 119089 NOTAL, (B) STATE 060561 NOTAL,
(C) 77 STATE 254869 NOTAL

1. WE MET WITH CANADIAN DELEGATION MAY 31 AT THEIR
INITIATIVE TO DISCUSS PROBLEM OF OBTAINING SOME KIND OF
MEANINGFUL RECIPROCITY FROM EASTERN EUROPEAN PARTICIPANTS
IN THE MTN. CANADIAN REPS INCLUDED HOWARD WILSON, CHIEF
OF EE DIVISION, CANADIAN DEPARTMENT OF INDUSTRY, TRADE
AND COMMERCE. CANADIANS SAID THEY HAD NO DEFINITIVE
POSITION AND WERE ANXIOUS TO LEARN WHETHER WE WERE MAKING
ANY PROGRESS IN U.S. BILATERALS WITH EE'S AND OUR
ASSESSMENT OF EE ATTITUDE TOWARD EC REQUESTS FOR SECTORAL
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IMPORT COMMITMENTS (SIC). WE GAVE THEM A BRIEF ACCOUNT
OF ROMANIA'S TENTATIVE RESPONSE TO U.S. REQUESTS,
ACKNOWLEDGED WE HAD BEEN UNABLE THUS FAR TO ENGAGE THE
POLES IN A NEGOTIATION, AND WE WERE NOT NEGOTIATING IN
THE MTN WITH OTHER EE'S BUT MIGHT DO SO VIS-A-VIS
HUNGARY IF THE SENATE ACTED ON U.S.-HUNGARIAN TRADE
AGREEMENT IN SUFFICIENT TIME BEFORE MID-JULY. WE

CONFIRMED (PER REF A) U.S. IS OPPOSED TO SIC AND OUTLINED REASONS THEREFORE WHEN WILSON SUGGESTED THE IDEA HAD SOME ATTRACTION DUE TO UNCERTAINTY THAT EE'S COULD OR WOULD OFFER ANYTHING OF REAL TRADE VALUE TO WESTERN COUNTRIES. WE NOTED HUNGARY HAD OFFICIALLY DECLINED EC SIC REQUESTS AND INDICATED OUR EXPECTATION OTHER EE'S WOULD ALSO DECLINE.

2. CANADIANS ARE CONCERNED ON GENERAL POLICY GROUNDS THAT EE'S ARE POSITIONING THEMSELVES FOR A FREE RIDE IN THE MTN, BUT CONCEDED THEY HAD BEEN UNABLE TO COME UP WITH INNOVATIVE IDEAS ON WHAT TO ASK FOR. WE REVIEWED U.S. NTM REQUESTS ADDRESSED TO POLAND AND ROMANIA AND ENCOURAGED CANADA TO REQUEST SIMILAR "BUSINESS FACILITATION" MEASURES. WE ALSO NOTED (PER REF C) THAT WE DO NOT WISH TO DISCOURAGE EE'S FROM LOWERING THEIR TARIFFS BUT U.S. UNABLE (OR, IN CASE OF POLAND, UNWILLING) TO NEGOTIATE ON EE TARIFFS. AFTER CONFIRMING THAT CANADA HAD NEGOTIATED HUNGARIAN TARIFF CONCESSIONS WHEN HUNGARY ACCEDED TO GATT, WE SUGGESTED CANADA CONSIDER MAKING SOME SPECIFIC TARIFF REQUESTS OF SELECTED EE'S IN WHOSE TARIFFS THEY HAD ANY CONFIDENCE.

3. CANADIAN REP WILSON HAD ONE INTERESTING SUGGESTION WASHINGTON MIGHT WISH TO EXPLORE FURTHER. THIS CAME UP IN CONNECTION WITH REVIEW OF U.S. ATTITUDE TOWARD VALUE OF EE ADHERENCE TO NTM CODES (PARA 4, REF B). WILSON LIMITED OFFICIAL USE

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NOTED WE MADE NO REFERENCE TO EE ADHERENCE TO GOVERNMENT PROCUREMENT CODE. WHEN WE SAID EE ADHERENCE SEEMED UNLIKELY IN VIEW STATE CONTROL OF VIRTUALLY ALL IMPORTS, WILSON ASKED IF WE HAD CONSIDERED POSSIBLE VALUE OF URGING THEM TO ADHERE WITH A SELECTIVE LIST OF PRODUCTS TO BE COVERED: HE CITED COMMERCIAL AIRCRAFT AS EXAMPLE WHERE U.S. AS WELL AS WESTERN EUROPE MIGHT STAND TO GAIN AN IMPORTANT ADVANTAGE OVER PRESENT SITUATION WHERE MOST EE'S REPLACE THEIR COMMERCIAL AIRCRAFT MORE OR LESS AUTOMATICALLY WITH SOVIET AIRCRAFT.

4. ACTION REQUESTED: SHOULD WE PRESS EE'S TO ADHERE TO GP CODE NOW TAKING SHAPE AND PARTICIPATE IN REQUEST/OFFER PROCEDURE? WOULD ALSO APPRECIATE ADVICE ON SUGGESTION IN PRECEDING PARA ABOUT AIRCRAFT. IF WASHINGTON UNABLE GET QUICK ADVISORY OPINION FROM MAJOR U.S. AIRCRAFT MANUFACTURERS, THIS MESSAGE MIGHT BE REPEATED TO EE CAPITALS FOR ADVISORY OPINION. IT OCCURS TO US THAT POSSIBLE ADVANTAGE OF EE ADHERENCE TO CODE REQUIREMENTS FOR TRANSPARENCY IN TENDERING, ETC., MAY BE ILLUSORY GIVEN AVENUES OPEN TO USSR TO UNDER-BID AND/OR LINK SALES TO BARTER TRANSACTIONS, ETC.

5. DRAFTED BY CULBERT. MCDONALD

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EAST WEST TRADE, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA08313
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780228-0016
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978054/aaaaadcr.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 57378c9a-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 119089, 78 STATE 60561, 77 STATE 254869
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2636373
Secure: OPEN
Status: NATIVE
Subject: EE IN THE MTN
TAGS: ETRD, US, CA, XH, MTN
To: STATE USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/57378c9a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014